

AUGUST 2020

Dutch Initiative on Sustainable Cocoa



DISCO
DUTCH INITIATIVE ON
SUSTAINABLE COCOA

1. OUR JOINT AMBITION

We are a partnership of companies, public sector organisations and civil society organisations active in the Dutch cocoa and chocolate sector. In 2010 several of the public and private partners signed a Letter of Intent on Sustainable Cocoa¹. Since then we have made considerable progress towards achieving the common goals set in 2010². However, the combined effects of our sustainability initiatives in the cocoa production regions are not enough. We will therefore expand the scope and the ambition of our existing sustainability efforts, broaden the coalition of partners and strengthen the multi-stakeholder collaborations.

We acknowledge the complexity of the root causes behind the critical social, economic and environmental sustainability issues in the cocoa sector. By working in partnership we will be able to better coordinate and initiate efforts and interventions amongst ourselves and with stakeholders in the cocoa sector outside the Netherlands. This should lead to more efficiency and effectiveness in the national and international efforts aimed at making the cocoa sector more sustainable. In partnership we can achieve more than the sum of our individual efforts.

Under the umbrella of this Dutch Initiative on Sustainable Cocoa (DISCO) we are jointly responsible for reaching our shared vision for a sustainable cocoa sector. We are accountable towards each other for making complementary contributions. We view cocoa farming as a business activity. As such cocoa farmers are rural entrepreneurs with cocoa production as their main livelihood activity and source of income. The central objective of DISCO is to sustainably improve the livelihoods of current and future cocoa farming families.



We share the vision that in the cocoa-production regions important to the Dutch cocoa industry the following will be achieved:

- ✓ *Farming families with cocoa as their main livelihood activity will be enabled to earn a living income³ by 2030;*
- ✓ *Cocoa-related deforestation and forest degradation in producing regions where the Dutch cocoa industry and their trade partners are sourcing from will have ended in their supply chains by 2025;*
- ✓ *Effective measures and necessary actions contributing to ending all forms of child labour by 2025 are taken.*

¹ <https://www.idhsustainabletrade.com/uploaded/2018/02/Annex-C-Letter-of-intent-sustainable-cocoa.pdf>

² According to a survey by CBS (*Verbruik duurzaam gecertificeerde cacao door cacaoverwerkende bedrijven in Nederland, 2018*) 86% of the cocoa in the chocolate and other consumer products in the Dutch supermarkets was from sustainably certified cocoa

³ According to the "Living Income Community of Practice" a living income is the net annual income required for a household in a particular place to afford a decent standard of living for all members of that household; elements of a decent standard of living include: food, water, housing, education, healthcare, transport, clothing, etc.



2. THE SCOPE OF INTERVENTIONS AND COOPERATION

The scope of the Dutch Initiative on Sustainable Cocoa will contain all cocoa and cocoa products imported into the Netherlands⁴.

The Netherlands is the world's largest importer of cocoa beans. Côte d'Ivoire, Ghana, Nigeria and Cameroon are the most important sourcing countries for the Dutch cocoa and chocolate industry. In addition cocoa companies import beans from several other countries in Africa, Latin America and Asia. Most of the imported beans are processed in the Netherlands and exported as cocoa powder, mass and butter as well as couverture and chocolate to other EU countries.

Effective cooperation with international partners, both in the public and private sector, is thus essential. This includes first and foremost the Governments and their agencies, as well as the cocoa farmers' organisations, local traders and other supply chain partners in the cocoa producing countries. These stakeholders are crucial as partners in creating sustainable solutions to living income, child labour and deforestation in the cocoa sector.

The Dutch Government, companies and civil society organisations will be committed to promote due diligence on human rights and environmental protection at an international level to support a level playing field. Within Europe we will work closely together and will align objectives, definitions and strategies (including monitoring and evaluation) with the other (national) cocoa sustainability initiatives⁵.

We are committed to the OECD Guidelines for Multinational Enterprises including implementing the six due diligence steps in line with the OECD Due Diligence Guidance for Responsible Business Conduct⁶. In the Netherlands we see the International Responsible Business Conduct Agreements for the Dutch Food Products Sector⁷ and the Child Labour (Duty of Care) Act⁸ as parallel initiatives aimed at driving sustainability in the cocoa and chocolate supply chains.



⁴ In 2018 the Netherlands imported 1.4 million ton cocoa (source: www.trademap.org), which is well over 20% of global trade.

⁵ Including the German Initiative for Sustainable Cocoa, the Swiss Platform for Sustainable Cocoa, "Beyond Chocolate" the Partnership for Sustainable Belgian Chocolate and in future possibly also similar initiatives in other European countries. Also relevant in this context are the Amsterdam Declaration Partnership and the Cocoa Living Income Task Force.

⁶ <https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm>

⁷ https://www.imvoconvenanten.nl/foodproducts?sc_lang=en; in Dutch: "IMVO Convenant Voedingmiddelen"

⁸ In Dutch: "Wet Zorgplicht Kinderarbeid";



3. IMPACT WE AIM TO ACHIEVE

3.1 Living income for cocoa farming families

We are jointly committed to:

- ✓ *Enable families which have cocoa farming as their main livelihood activity and supply cocoa to the Netherlands to earn a living income by 2030.*

To this effect we all commit to the direct or indirect improvement, alignment and scaling up of effective support programmes for the cocoa farming families and their organisations. We will also work on institutional changes and improved market systems that reinforcing cocoa production and trade as a profitable and sustainable business for cocoa farmers.

First of all, the gap between the current average income level of cocoa producing households and the living income benchmark in major cocoa sourcing areas will be determined. Existing methodologies and cost of living studies⁹ will be used for determining this living income gap. Subsequently, partners will develop strategies to close the living income gap for increasing numbers of cocoa farmers.



These living income strategies consist of interventions at the farm and producer organisation level in the following fields:

- A. farm productivity
- B. operational and transaction costs
- C. quality improvements
- D. farm gate pricing
- E. farm income diversification

In order to steer and monitor progress the DISCO partners agree on a pathway with the following interim check points:

- Living income gap determined and living income strategy (including incremental steps towards closing the living income gap) developed for 75% of the Dutch cocoa sources before mid-2021 and for 100% of the Dutch cocoa sources by the end of the year 2021;
- Cocoa farming families in important sources are enabled to earn a living income for the volume of cocoa beans required to meet the Dutch consumption of chocolate and other products with >5% cocoa content by 2025;
- Step-wise increases in the percentages of cocoa farming families that are enabled to earn a living income for the volume of cocoa beans and cocoa products exported to markets outside the Netherlands.

We will develop a simple, transparent and cost-effective system for uniform, objective and regular reporting by all DISCO parties on the living income gaps in their supply chains or cocoa-related projects. This reporting system will be decentralised and accessible to partners for cross-fertilization and learning. The living income strategies, progress and challenges will be shared within the DISCO partnership for learning purposes. Strategies and incremental steps towards closing the living income gap will be reviewed based on sector developments and progress made. Partners will report internally on the implementation and effectiveness of their interventions and provide credible proof that changes in farmer income and closing of the living income gap can be attributed to their interventions.

⁹ According to the Anker methodology and studies by the Living Income Community of Practice (LICOP) the cost of living in rural Ghana and Côte d'Ivoire are currently USD 2.16, resp. USD 2.49 per person per day (2019).



A dedicated working group will further elaborate on the above interim check points. The working group will also develop and oversee a plan of action for the realisation of our overall aim. This will be presented to the DISCO Steering Committee and general meeting of DISCO signatories for review and approval. IDH will facilitate this working group and ensure alignment with living income strategies and monitoring systems under other cocoa initiatives (e.g. Beyond Chocolate, GISCO, SWISSCO).

3.2 Ending deforestation and forest degradation

There will be no further conversion of any forest land (as defined under national regulations or using methodologies such as High Carbon Stock (HCS) and High Conservation Value (HCV) approach) for cocoa production.

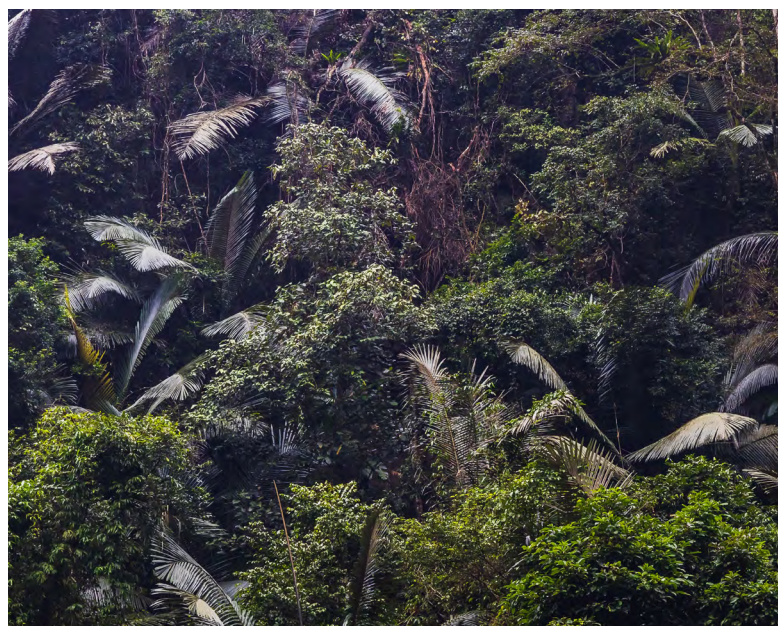
We are jointly committed to realise that:



Cocoa-related deforestation and forest degradation in producing regions where the Dutch cocoa industry and their trade partners are sourcing from will have ended in their supply chains by 2025.

We do not accept cocoa produced in areas where agricultural activities are illegal in our supply chains. Signatories will carry out due diligence assessments to ensure no illegal cocoa enters their supply chains. They will ensure 100% traceability to farm level in their direct supply chain by 2025 at the latest¹⁰, for full traceability of the sector to be achieved by the sector by 2030. Companies will declare the share of cocoa from their direct supply chains in the total volume.

Signatories of DISCO will (continue to) adhere to the Cocoa & Forests Initiative (CFI), and will promote underwriting of CFI among those companies that have not yet signed. CFI and similar initiatives will be promoted in countries not yet covered by CFI and supported when initiated.



Signatories engage to identify and map all remaining forest remnants (HCV/HCS) in the cocoa producing landscapes, as well as monitor these remaining forests and support their future protection and restoration by 2022. They will partner with governments, other industry actors, civil society and farmer organizations to design and implement programs that address deforestation and restore forests that have been degraded by cocoa production.

We undersign the importance to remediate past damage to previously forested landscapes¹¹. Therefore, sustainable agroforestry practices, climate smart cocoa production and landscape approaches will be promoted. The restoration of natural forests that have been degraded by cocoa production will require deliberate stakeholder consultations with the local governments and forestry institutions. Responsibilities on implementation and financing will be defined by 2022.

DISCO will be used to increase the level of understanding on deforestation and accelerate action for the entire Dutch cocoa sector. This will include communication on deforestation towards end-consumers.

A dedicated working group will develop recommendations on how signatories shall contribute more effectively towards achieving the commitments related to ending deforestation and forest degradation in cocoa producing areas. Together, we will agree on timebound check points and action plans that will support achievement of this joint aim.

¹⁰ Please note that 2022 is the final date for CFI countries

¹¹ 'Natural forests' as defined by the Accountability Framework: <https://accountability-framework.org/>

3.3 Ending all forms of child labour and forced labour

We are committed to the prevention and elimination of all forms of child labour from the cocoa production regions.

✓ *DISCO parties have taken effective measures and necessary actions contributing to ending all forms of child labour by 2025 (as outlined in SDG 8.7).*

Child labour is widespread in the cocoa production regions. The use of child labour in production and supply of cocoa is related to multiple factors, such as low household income, demographics, access to education and infrastructural problems.

Ending and preventing all forms of child labour in cocoa producing communities requires strengthened community structures and local ownership. Therefore, we private sector and not-for-profit partners under DISCO aim to empower local communities, support and align with local and national governments as well as other public and private actors to address the root causes, create strong community structures and facilitate lasting solutions.

The deployment of child labour prevention, monitoring and remediation systems¹² is a main enabler for ending and preventing child labour in the cocoa production regions. To begin with we will determine the extent to which these systems are currently deployed in the cocoa production regions important for the Dutch cocoa industry. Thereupon we will develop an overview of existing child labour prevention, monitoring and remediation systems for the cocoa sector and recommend strategies for rolling out these systems effectively and efficiently.



Stepwise and timebound plans for expanding the deployment of systems for child labour prevention, monitoring and remediation in combination with an annual reporting on incidences of child labour, remediation and mitigation will be implemented:

- In 2020 DISCO signatories determine their current deployment level for these systems in their supply chain and develop plans towards 100% deployment of prevention, monitoring and remediation systems by 2025;
- Private sector partners will work towards scaling up of prevention, monitoring and remediation systems for child labour with specific timebound check points:
 - 100% coverage of the cocoa bean volume required to meet the annual Dutch consumption of chocolate and other products with >5% cocoa content by 2023;
 - 50% coverage for the cocoa bean volume required to meet the annual consumption of chocolate and other cocoa products in nearby EU markets by 2022 and 100% in 2025;
 - 50% coverage for the cocoa bean volume required to meet the annual Dutch exports of cocoa and cocoa-based products to other export markets by 2023 and 100% in 2025.
- Signatories will intensify their cooperation with counterpart organisations in the sourcing countries to strengthen the institutional environment and empower local communities aimed at preventing and eradicating child labour.

We will support efforts to further enhance the effectiveness and efficiency of CLMRS deployment or similar initiatives.

A dedicated working group will prepare a plan of action for the accomplishment of the overall aim by 2025 and monitor its progress by the partners, including measures related to internal reporting and transparency. Yearly reports will include indicators on the progress and impact of the actions for improvement for the lives of children and their families on the ground. IDH will facilitate this working group and ensure alignment with similar strategies under other cocoa initiatives (e.g. Beyond Chocolate, GISCO, SWISSCO).

¹² The International Cocoa Initiative's (ICI) CLMRS or equivalent / better.



4. OUR NEXT STEPS

4.1 Set up a governance structure

Upon signing of the DISCO declaration, the partners will decide on the structure and agree on the principles for governance, including planning, monitoring and joint communication. The first step will be the formation of a steering committee with senior representatives from different sub-sectors. The membership of the steering committee members will be endorsed by the DISCO general meeting. The main responsibilities of the steering committee will be to develop and oversee the strategic direction of the partnership, ensure there is effective consultation within the partnership and report to the general meeting. Key tasks will include:

- Approve the composition and terms of reference of the working groups and review their outcomes (see 4.2 below);
- Guide the development and implementation of a Monitoring & Evaluation framework;
- Develop the communication strategy for DISCO;
- Review the annual progress report and provide strategic guidelines on strengthening interventions and partnership arrangements;
- Mobilize support and promote cooperation with national and international initiatives that will contribute to the realization of the objectives of the Dutch Initiative on Sustainable Cocoa;
- Prepare the annual general meetings of the DISCO partnership;
- Assess applications of new members to the Dutch Initiative on Sustainable Cocoa.

Decisions on new strategic directions, initiatives and (interim) check points will require the endorsement of all signatories. A General Meeting with all signatories will be conducted at least once a year. At these meetings the outcomes of the monitoring process (see 4.3 below) will be presented, jointly reviewed and additional or revised actions may be agreed upon.

4.2 Working groups

Upon signing we will form three working groups on living income, deforestation and child labour with representatives of the different signatories who can contribute to the tasks and process of the respective working group. Each of these working groups will develop recommendations related to one of the main impact areas and starting from the root causes define specific interim checkpoints, road maps and key performance indicators.

The working groups will also monitor and review the plans of action for the realisation of the overall aim until the respective end dates. The composition of the working groups may change during the years. The outputs of the working groups will be presented regularly to the DISCO Steering Committee and the general meetings of DISCO signatories for review and approval. Cooperation with other working groups and committees (e.g. under Beyond Chocolate or GISCO) with similar responsibilities will be sought to increase efficiency and seek alignment between different initiatives.

4.3 The Secretariat

IDH the Sustainable Trade Initiative will act as Secretariat of DISCO. The tasks of the Secretariat will include:

- convening working groups, cooperation between members, relations with other international cocoa initiatives, etc;
- monitoring and evaluation of the DISCO partnership commitments and progress at impact level;
- preparation of meetings of the steering committee, working groups and general meetings, including preparation of work plans, minutes, etc.;
- implementation of the communication strategy on behalf of the DISCO partnership.



4.4 Monitor and hold each other accountable

The Secretariat of DISCO will collate the outputs of the working groups and will mobilise and measure public and private contributions for innovating and scaling sustainability initiatives. They will ensure independent assessment of the baseline, progress and impact (through the working groups) and communicate transparently within the DISCO partnership on the partners' contributions and collective and individual results. A cost-effective framework for monitoring and verification will be developed for this purpose using existing verifiable data systems. The situation in 2020 will be used as a baseline. We will endeavour to develop a digital platform for updates and reporting on the partnership's progress and impact.

We will support each other where possible to enhance effectiveness and efficiency and hold each other accountable when insufficient progress and impact is delivered. Remediation of ongoing strategies and programs will be necessary in case insufficient progress is achieved. Communication of the progress and results of partners within the DISCO partnership should raise the overall standard and reduce the gap between 'frontrunners' and 'followers' within the partnership.

4.5 Communicate towards external stakeholders

The monitoring and communication on progress and effects will be used to hold the DISCO partnership accountable towards consumers and other stakeholders outside the partnership. Dutch consumers will be informed on the main sustainability challenges in the cocoa sector, the ongoing initiatives and the effects of the joint efforts. Raising awareness about sustainability and the improvements implemented in the cocoa sector is an integral part of the partnership's communication strategy.

Signatories of DISCO will intensify their efforts and raise their contributions towards sustainability in the cocoa sector. Existing initiatives and programmes will be strengthened, improved and/or complemented with new initiatives and programmes to help achieve the DISCO sustainability targets.

4.6 Align and coordinate with other sustainability initiatives

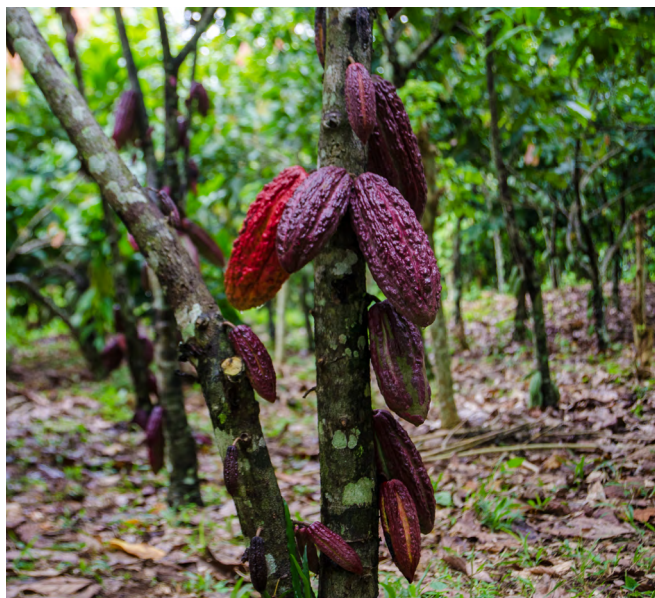
DISCO through its Secretariat will work together with the other platforms and sustainable cocoa programs in Europe. The individual signatories will also seek alignment within their own respective networks and organisations. Alignment and coordination of the different sustainability initiatives should cover targets, definitions and monitoring activities and stimulate learning on implementation issues.



5. OUR COMMITMENT

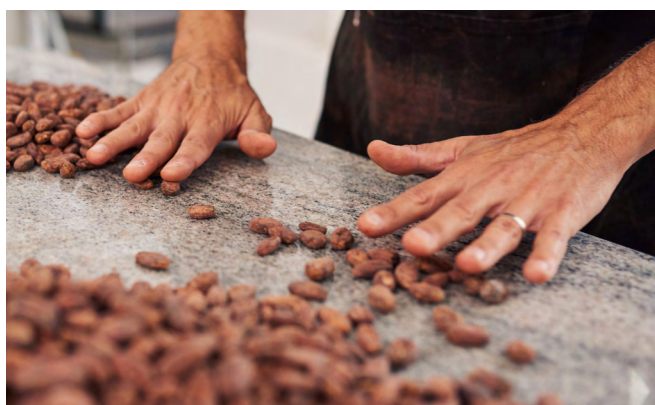
By signing this sector agreement on the Dutch Initiative on Sustainable Cocoa we agree that for all cocoa and cocoa products traded through the Netherlands we are committed that:

- ✓ *Farming families with cocoa as their main livelihood activity will be enabled to earn a living income by 2030;*
- ✓ *Cocoa-related deforestation and forest degradation in producing regions where the Dutch cocoa industry and their trade partners are sourcing from will have ended in their supply chains by 2025;*
- ✓ *Effective measures and necessary actions contributing to ending all forms of child labour by 2025 are taken.*



Therefore:

- We will share the responsibility for achieving the sustainability targets listed in this declaration;
- We will contribute in line with our respective mandate and commitments so that progress and impact will be realised;
- We will hold ourselves and each other accountable, reflect on our roles and added value and will make modifications in the strategies and levels of contribution whenever insufficient progress and impact is reported.





Company		Signatory	Role	Signature
Traders and processors				
	Barry Callebaut	Pablo Perversi	Chief Innovation, Sustainability & Quality officer. Global Head of Gourmet	
	Cargill Cocoa & Chocolate	Harold Poelma	President	
	Export Trading Group (ETG)	Suraj Rao	Director Cocoa	
	JS Cocoa	Pieter Schulting	Commercial Director	
	Olam Cocoa	Eric Nederhand	Director Government Relations Europe	
Government				
	Ministry of Foreign Affairs of The Netherlands	Birgitta Tazelaar	Acting Director-General for International Cooperation, on behalf of the minister for Foreign Trade and Development Cooperation	
	Ministry of Agriculture, Nature and Food Quality of The Netherlands	Marije Beens	Acting Director General Agri	














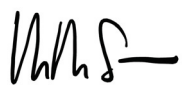





Company		Signatory	Role	Signature
Retail				
	Albert Heijn B.V.	Henk van Harn	Directeur HB/NNF/ Strat.Sourcing	
	Jumbo	O. de Boer	Executive Director Buying & Merchandising	
	C.I.V. Superunie B.A.	T.J.M. Roozen	CEO	
	Bidfood B.V	Daphne Smits-onck	Manager Sustainable Sourcing & Innovation	
Manufacturers				
	Friesland Campina	S.N. Boitelle	Director Corporate Affairs	
	MARS NEDERLAND B.V.	Jack Tabbers	Transition Lead NL & ITR NL Market	
	Mondelez Nederland	Jan Willem Balk	Managing Director Benelux	
	Nestlé Nederland	Martine Olijslagers-Kuip	Business Executive Officer Confectionery	
	Tony's Chocolonely	Henk Jan Beltman	Chief Chocolate Officer	
	Vereniging voor de Bakkerij- en Zoetwarenindustrie (VBZ)*	Theo Heere	Director	



Company		Signatory	Role	Signature
Certification				
	Fairtrade Netherlands Max Havelaar Foundation	Peter d'Angremond	President & CEO	
	Rainforest Alliance	Emma Harbour	Director of Advocacy & Global Themes and Partnerships (a.i)	
Civil Society				
	Care Nederland	Reintje van Haeringen	CEO	
	Fairfood	Sander de Jong	Managing Director	
	International Cocoa Initiative	Nick Weatherill	Executive Director	
	International Justice Mission	C.R Houmes Aan de Wiel	CEO	
	Oxfam Novib	Michiel Servaes	Executive Director	
	100WEEKS	Peter Meijer	Director	
	Solidaridad Network	Heske Verburg	Managing Director Solidaridad Europe	
	Tropenbos International	Prof. dr. René G.A. Boot	Director	



Company		Signatory	Role	Signature
Service Providers & Knowledge Institutes				
	Agri-Logic	Yuca Waarts	Partner	
	Agriterra	Cees van Rij	Manager agri-advice	
	Agro Eco	Boudewijn van Elzakker	Director	
	Equipoise	Jack Steijn	Co-founder and director	
	Meridia Land B.V.	Thomas Vaassen	CTO	
	Port of Amsterdam	Koen Overtoom	CEO	
	KIT Royal Tropical Institute	Mark M. Schneiders	CEO	
	C. Steinweg	Valentijn Van der Weide	General Manager	Valentijn Van der Weide
Secretariat				
	IDH, the Sustainable Trade Initiative	Joost Oorthuizen	CEO	

* VBZ signs individually and not on behalf of their members